

REAL PROPERTY TASK FORCE PROPOSAL – FEBRUARY 12, 2004

For the fiscal year 2004-2005, the following RPT model is recommended by the Task Force. Please note that the components of the model are interrelated, and are recommended to be adopted as a whole, and not individually:

I. LAND ASSESSMENT

A. Land assessments will be established at the average of each parcel's assessed value over a five year period, 1999 -2003. These results will become the land assessments for the Base Year of 2005.

1. For properties which are dedicated to agricultural use, this provision applies to the underlying market value assessments.
2. Parcels created after 1999, as well as re-zoned parcels, will be assessed uniformly with similar existing parcels.

B. Changes to the land assessment, going forward from the Base Year, will be made by applying the most recent Consumer Price Index for Honolulu to the previous year's land value.

C. For properties dedicated to agricultural use, the homesite assessment will not be applied until the dwelling is under construction. The homesite will be assessed uniformly with residential or agricultural parcel assessments, as provided in Item

II. BUILDING ASSESSMENT

A. Improvements shall be assessed annually at their replacement cost new, less depreciation.

B. Apartment buildings shall be assessed at their replacement cost new, less depreciation. When apartments are registered as condominiums, the building value shall be allocated among the units according to their living area.

III. TAX RATES

- A. Tax Rates for Land and Buildings must maintain a 1:3 Ratio.
- B. For Tax Rate purposes, the eight different Land classes will be reduced to two classifications:
 - 1. "Long-Term Residential" for properties which are occupied only by the owner and/or long-term tenants (see V.B.)
 - 2. "General" for all other properties

IV. TIMESHARES - The current special provisions for assessments of Timeshares shall be repealed. Timeshare properties will be assessed according to their physical description.

V. TAX RELIEF

- A. The current Circuit Breaker Credit and Permanent Home Use Tax Cap programs will be repealed.
- B. Residentially used property, with a rental agreement with a minimum term of twelve months, shall be included in the "Long-Term Residential" Land Class. As evidence of long-term residential use, notarized rental agreements must be filed with the Department of Finance, annually.
- C. All other existing tax relief measures will remain in effect.
- D. The application deadlines for all exemptions will be December 31 to be effective for the following assessment year.

VI. AGRICULTURAL DEDICATION

- A. There will be a two year amnesty period established, wherein an owner may cancel their agricultural dedication, without penalty or rollback.
- B. Agricultural use values are to be updated, reflecting current agricultural uses and current market agricultural income.

C. The total of the components of a parcel, dedicated to agricultural use, which include homesite value and the non-agricultural use values may not exceed the underlying assessed value of the entire parcel.

VII. APPEALS

A. For existing parcels, the Base Year Land Assessments may be appealed in 2005 and 2006 on the basis of the accuracy (with a 10% margin) of any of the assessed land values for the years 1999 to 2003

B. Grounds for appeal –

1. Lack of uniformity – either land or building assessment exceeds by more than 10% its correct assessment in relation to the assessments of similar properties.
2. The building value exceeds its depreciated Replacement Cost by more than 10%.
3. Property was incorrectly denied an exemption or dedication.
4. The provisions of an exemption or dedication were incorrectly applied.

C. If an appeal is not scheduled for hearing or otherwise resolved by March 15 of the following year, an additional appeal for the following year's assessment shall automatically be made without filing or payment of a fee.

VIII. Miscellaneous

Parcels used solely as a roadway are to be exempt from taxation, including the minimum tax.